



# *Quarterly Revenue Update*

## *June 2004*



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This report is a quarterly publication that provides an update on the collection of selected County revenues. For questions, please call the above at (240) 777-8866.

- ***Preliminary Fiscal Year 2004.*** Total revenue collections of \$1.974 billion during FY04 are 13.5% higher compared to the same period in FY03 and they are slightly above target with the revised estimate for this fiscal year. It is important to note that the County receives collections on a monthly, quarterly, or semi-annual basis. Payments received near the end of the fiscal year may not be recorded until final accounting entries are made which may change the comparison to the prior year and the revised forecast.
- ***Income Tax.*** Collections for FY04 are \$869.7 million, or 10.4%, above the collections during FY03. The increase is attributed to the rate increase from 2.95% to 3.20% enacted by the County Council, an improved local economy, and three administrative policy changes promulgated by the Comptroller of Maryland: expediting the submittal of withholdings by employers, accelerating the distribution of unclaimed withholdings from prior years, and reducing the percentage of unallocated withholdings held by the State.
- ***Property Tax.*** Collections during FY04 were 5.8% above the same period in FY03 but below the 7.9% percent growth estimated in the revised forecast. The difference between the growth rates is mainly attributed to personal property tax collections to date which are below the levels experienced during the same period last year and an aggressive program to issue property tax refund to taxpayers.
- ***Transfer and Recordation Taxes.*** With mortgage interest rates remaining at historic lows, home sales growing at 8%, and home prices accelerating at double-digit rates, collections from the transfer tax were 27.9% above the same period last year, and collections from the recordation tax were 35.2% above last year. Collections from both taxes, including recordation taxes dedicated for school construction, were \$53.4 million above FY03.
- ***Other Taxes and Highway User Fund.*** Collections from the fuel and energy tax and the telephone tax were 156.1% and 336.1% higher, respectively, compared to FY03. Both growth rates, while below revised forecasts, are attributed to rate increases enacted by the County Council last summer. The slowdown in fuel and energy taxes is due to a reduction in consumption because of the milder winter compared to FY03 and response to price increases. Although revenues from telephone landlines came in lower than expected, revenues from wireless customers came in on target.
- ***Investment Income.*** The accommodative monetary policy of the Federal Reserve during the past three quarters has effectively kept interest rates on money market instruments at their lowest level in over fifty years. While such an accommodative policy rate has helped to fuel the economic expansion, particularly the housing sector, they have cut the yields on short-term money market investments undertaken by the County from 1.59% in FY03 to 1.13% in FY04. Because of the rate cuts, investment income in FY04 was \$6.4 million or 42.2% below last fiscal year's income of \$11.1 million, and 69.0% below FY02's income of \$20.7 million.

**MONTGOMERY COUNTY  
MAJOR REVENUE COLLECTIONS  
FISCAL YEAR 2004**

				FY04					
TAXES:	REPORTING PERIOD	FY04	FY03	VARIANCE FY04 / FY03	PERCENT CHANGE	REVISED FORECAST	FY02	VARIANCE FY03 / FY02	PERCENT CHANGE
INCOME	June	\$869,667,887	\$787,997,740	81,670,147	10.4%	8.9%	\$866,996,269	(78,998,528)	-9.1%
PROPERTY	June	733,215,259	692,951,521	40,263,738	5.8%	7.9%	644,523,032	48,428,489	7.5%
TRANSFER	June	110,197,681	86,157,330	24,040,351	27.9%	5.7%	80,897,902	5,259,428	6.5%
RECORDATION	June	112,783,049	83,426,177	29,356,871	35.2%	16.3%	51,187,869	32,238,309	63.0%
FUEL/ENERGY	June	74,594,015	26,168,427	48,425,588	185.1%	188.4%	22,415,629	3,752,798	16.7%
HOTEL/MOTEL	June	12,695,573	11,903,550	792,022	6.7%	9.4%	11,067,869	835,681	7.6%
TELEPHONE	June	26,927,301	6,555,800	20,371,502	310.7%	372.7%	7,174,081	(618,281)	-8.6%
ADMISSIONS	June	2,675,964	3,002,366	(326,402)	-10.9%	2.9%	3,046,614	(44,249)	-1.5%
MISCELLANEOUS:									
INVESTMENT INCOME	June	6,410,745	11,094,884	(4,684,139)	-42.2%	-54.5%	20,706,916	(9,612,032)	-46.4%
HIGHWAY USER	June	24,704,751	30,280,938	(5,576,187)	-18.4%	-27.1%	32,011,185	(1,730,246)	-5.4%
TOTAL		\$1,973,872,225	\$1,739,538,734	\$234,333,492	13.5%	11.8%	\$1,740,027,365	(\$488,632)	0.0%

August 19, 2004